

4.0 Economic Development

4.1 Background

Economic Development in Mesa is focused on linking economic development activities to maintaining and improving the quality of life of Mesa residents (i.e., parks, recreational facilities, cultural facilities, and environmental aspects). This element functions as an umbrella for citywide economic development policies, objectives, and initiatives. By providing a framework for economic development in Mesa, this element will address the City's economic development needs and strengths, and some of the shortcomings that have been identified in the economic base analysis, completed as part of the general plan process. Further details are provided by the Economic Development Strategy.



4.1.1 Population and Households

As shown in Table 4.1, residential growth since 1990 has increased population from approximately 288,000¹ to more than 396,000² in 2000. This translates into an average annual growth rate of approximately 3.2 percent during the 1990-2000 period. Phoenix grew at a rate of only 2.9 percent during the same period. The larger Mesa Municipal Planning Area is estimated to have a population of approximately 436,000 in 2000, which is expected to increase to over 638,000 by build-out. Mesa is also expected to experience significant growth in the number of households and housing units. However, it is likely that household sizes will increase gradually over the next 25 years, as it has been over the past decade. This growth in household sizes will likely result from turnovers of vacant and seasonally occupied housing units to year round occupancy by families as employment opportunities grow in and around Mesa.

¹ 1990 census estimates the City of Mesa population at 288,104

² City Population as per the 2000 Census

Table 4.1: Preliminary Projections (2000 to Buildout)

	1990 ¹	2000	Buildout ²
Population (City)	288,104	396,375	
Population (MPA)		425,238	633,700
Housing Units	140,468	175,701	234,100
Households ³	107,863	146,643	195,572
Employment (Jobs in MPA) ⁴	83,550	155,167	371,100
Jobs/Capita	0.29 ⁵	0.36	0.58
Jobs/Household	0.77	1.06	1.90

Table 4.2: Net Changes in Mesa MPA (2000 to Buildout)

	Number Change	% Change
Population	208,462+	49%
Households	48,929+	33% ⁴
Employment	215,933+	139%

Note: Projections for 2020 and 2025 are for the larger Mesa Municipal Planning Area of 170 square miles.

1 Includes City Boundaries Only

2 Includes MPA Boundaries Only

3 Households at buildout are based on estimates

4 2000 employment estimates are based on secondary data provided by CLARITAS

5 As per the 1996 General Plan estimates

Source: U.S. Census 1990 and 2000, City of Mesa, Maricopa Association of Governments, Claritas, and Economics Research Associates.

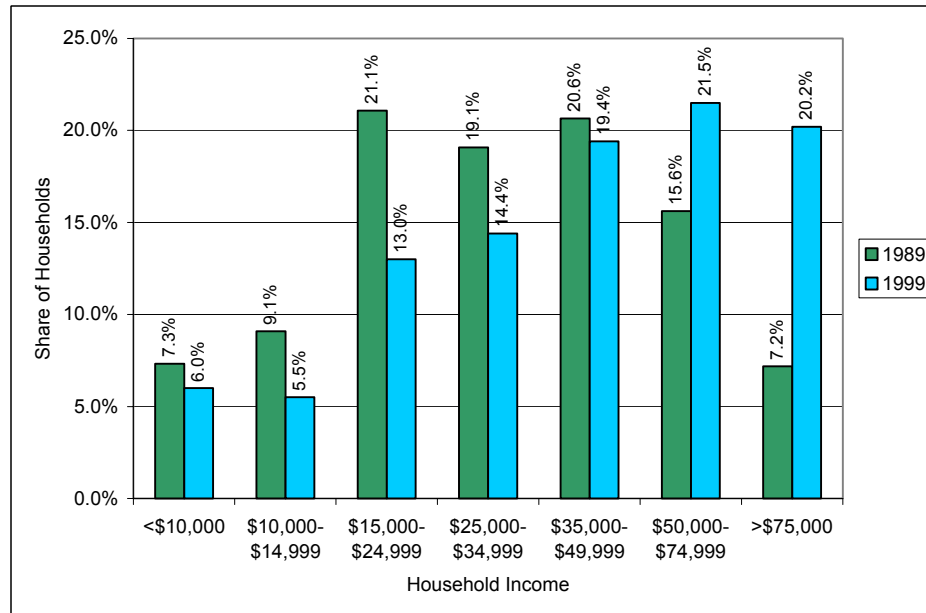
4.1.2 Income

According to U.S. Census data, median household income in Mesa experienced a 41 percent increase in absolute terms, during the 1989-1999 period, from \$30,273 to \$42,817.

As shown in Figure 4.1, Mesa's income profile has experienced a fundamental shift during the last decade. Mesa has increased its share of high-income households and has simultaneously lowered its share of low-income households. The 1998 distribution shows three 'peaking' income groups, namely the \$15,000-\$24,999 (21.1 percent), \$25,000-\$34,999 (19.1 percent), and \$35,000-\$49,999 (20.6 percent). The distinguishing factor in these categories may be age (retirees vs. younger families) or skill level (professional services vs. low skill personal services). Only 7.2 percent of the households in 1989 earned more than \$75,000. However, the 1999 distribution shows a significant increase in high and very high-income categories. Approximately 60 percent of Mesa's households have an annual income of \$35,000 or higher, with more than 20 percent of all households earning \$75,000 or higher. This phenomenon indicates a shift from Mesa's retiree resident base into a more dynamic 'wage earning' resident population with quality jobs.

Though these income profile improvements are significant in absolute terms, Mesa still lags behind the median countywide household income of \$45,358 by approximately 6 percent. Median household incomes in Maricopa County increased from the 1989 level of \$30,797 by a staggering 47 percent in absolute terms.

Figure 4-1: Household Income Profile Comparison – 1989 vs. 1999



Source: US Census Bureau and ERA

4.1.3 Age Distribution

The U.S. Census 2000 estimated the median age in Mesa as 32 years. This is lower than the national median age of 35.3, the statewide median age of 34.2 years and the Maricopa County median of 33 years. 20.6 percent of Mesa's population falls in the 55 years and above age group. 27.4 percent of the population is in the 0-17 years group, and the remaining 52 percent of the population are in the 18-54 years group. The latter accounts for most of Mesa's labor force.

4.1.4 Educational Attainment

According to the 2000 Census, 84.7 percent of the adult population (25+ years) in Mesa are high school graduates. Though this is higher than the countywide average of 82.5 percent, it is lower than competing East-Valley communities of Gilbert (94.3 percent), Scottsdale (93.5 percent) and Tempe (90.1 percent). Only 21.6 percent of Mesa's population aged 25 and over have a bachelor's degree. This is one of the lowest among East Valley communities. In comparison the share

of bachelor's degree holders within the same age group in Maricopa County is 25.9 percent, while Scottsdale boasts one of the highest shares of Bachelor's degree holders with 44.1 percent of the resident population aged 25 and over. The lower share of adult residents with advanced degrees is an indicator of a less competitive labor force.

On the other hand, Mesa clearly shows the emergence of an evolving education cluster. The Gilbert and Mesa Public School Districts are considered to be top performers even in the national arena. Mesa's public schools have and will continue to set the regional standards of excellence and attainment. Mesa is also home to the Arizona School of Health Sciences, Arizona State University East, East Valley Institute of Technology, University of Phoenix, and numerous other technical/training institutions, community colleges and proprietary education centers.

4.1.5 Employment

Mesa added approximately 20,000 jobs during the last decade. With annual employment growth of 1.4 percent (compared to 3.0 percent population growth) during the 1990-2000 period, it is clear that Mesa should improve the ratio of jobs and residents—there are more than 155,000 jobs and 425,000 residents, or .36 jobs per resident; the Maricopa Countywide ratio has been about .46 jobs per resident.

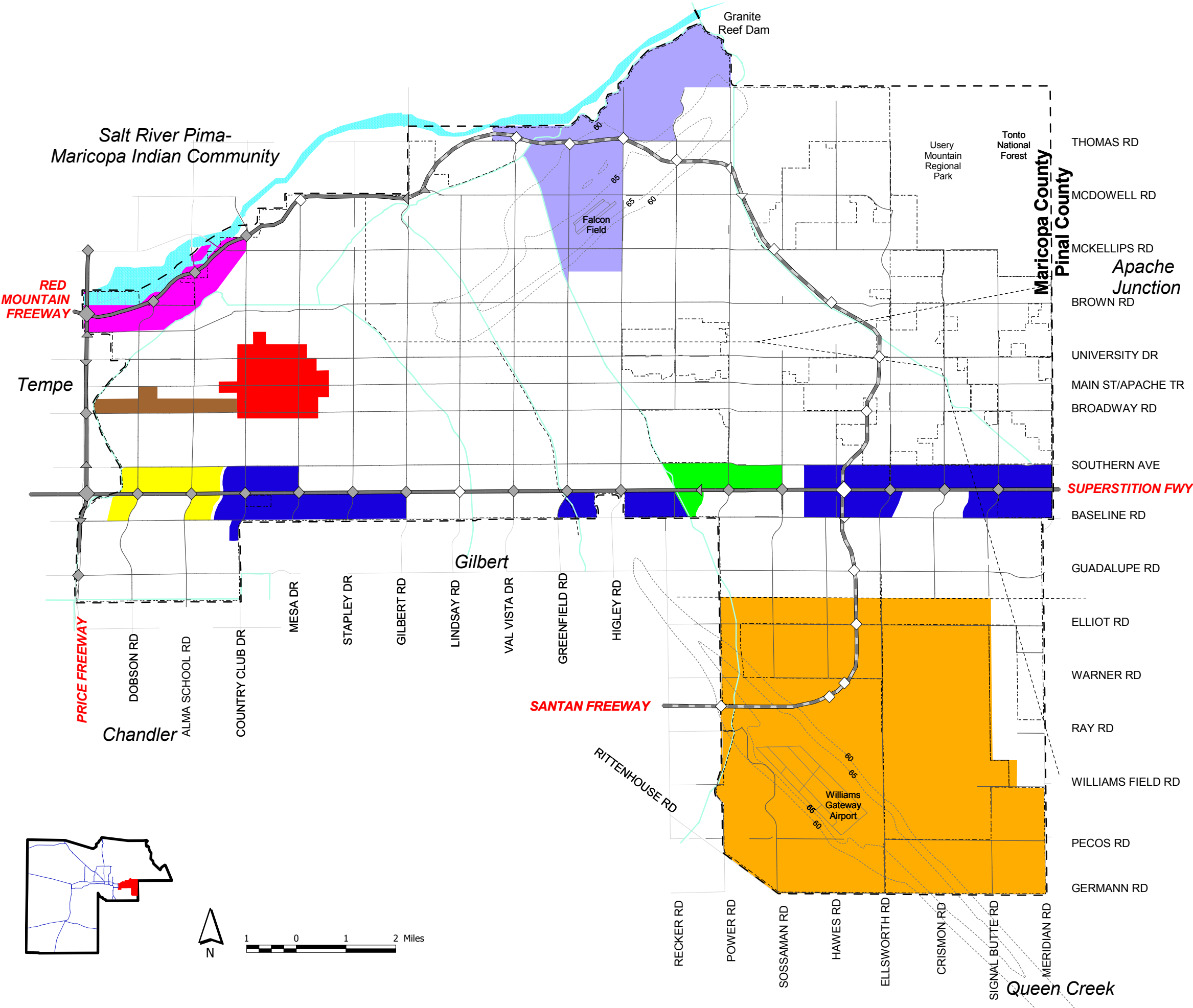
Eight economic activity areas that describe existing and future employment and business concentrations have been identified. These areas are listed below and illustrated on Figure 4-2.

1. Town Center Redevelopment Area
2. Falcon Field Airport
3. Fiesta Quadrant
4. Red Mountain Freeway Corridor (future opportunity)
5. Superstition Freeway Corridor
6. Superstition Springs Center
7. Union Pacific Business Corridor
8. Williams Gateway Area

GENERAL PLAN

Economic Activity Areas

Figure 4-2



- Falcon Field Airport
- Fiesta Quadrant
- Red Mountain Freeway Corridor
- Superstition Freeway Corridor
- Superstition Springs Center
- Town Center Redevelopment Area
- Union Pacific Business Corridor
- Williams Gateway Area

- Freeway
- Interchange
- Future Freeway
- Future Interchange
- Arterial Roadway
- Canals and Waterways
- Aviation Noise Contours
- Overhead Transmission Lines
- Planning Area Boundary

These are important activity clusters, which attract investment, jobs, and technologies and improve the regional knowledge of the quality of Mesa. 1999 estimates show that the City of Mesa has approximately 11,700 firms with a total of approximately 155,100 employees. The nine areas enumerated above account for approximately 70 percent of the City's total employment, 69 percent of the City's total sales/transaction value and 66 percent of the total number of firms located in the City. The Superstition Freeway Corridor Area has the largest share of workers with 23 percent of citywide employment. In terms of distribution by employment sector (as share of citywide employment) these nine areas contain:

- 94 percent of all manufacturing employment;
- 73 percent of all retail employment;
- 66 percent of all Finance, Insurance and Real Estate (FIRE) related employment;
- 63 percent of all Services related employment; and
- 39 percent of all Wholesale Trade related employment.

Although Mesa is already the home of several high-tech and aeronautics related firms for a number of years now, one has to take caution as the economy gradually transitions from the phase recently considered the "best of times." A slowing economy may further intensify the process of consolidations and cutbacks already initiated in some of the firms.

4.1.6 Jobs per Capita Comparisons

Table 4.3 presents the top 25 percent of Maricopa County communities in 1995 in terms of employment volume. Although Mesa's jobs per capita ratio is lower than the countywide average of 0.46, the City ranks third in the county in terms of absolute volume of jobs. The jobs per capita ratio in these communities vary from 0.33 (Glendale and Unincorporated County Areas) to 0.91 (Tempe), with the median being approximately 0.35 and the mean being approximately 0.51 (which is only marginally higher than the countywide average). It is clear that these communities are the primary drivers of the countywide jobs/resident ratio, as they account for 94 percent of the jobs and 89 percent of population in the county. Table 4.2 also presents a quartile distribution of the top 25 percent communities in terms of jobs/resident ratios. Note that the top quartile range of 0.64 to 0.91 jobs/resident is fairly wide, and only two communities (Tempe and Scottsdale) fall within that range.

Table 4.3: Maricopa County: Jobs per Capita Comparisons (1995 Estimates)

COMMUNITY	JOBS	POPULATION	JOBS PER CAPITA
Phoenix	664,280	1,154,139	0.58
Tempe	138,857	152,738	0.91
Mesa	128,376	372,378	0.34
Scottsdale	118,609	168,615	0.70
Glendale	62,805	188,610	0.33
Chandler	47,288	135,382	0.35
Unincorporated County Areas	25,968	78,685	0.33

Quartile Distribution (Of the Top 25 percent Communities)

	Jobs/Capita Range	
	Low	High
Top Quartile	0.64	0.91
2 nd Quartile	0.35	0.64
3rd Quartile	0.34	0.35
Bottom Quartile	0.33	0.34

Key Indicators of Jobs/capita distribution

Countywide Average	=	0.50
Median (of top 25%)	=	0.35
Mean (of top 25%)	=	0.51

Source: 1995 MAG Estimates and ERA

4.1.7 Industrial Development

As of the third quarter of 2001, the Mesa-Gilbert sub-market has an estimated 7.50³ percent share (15.17 million square feet) of industrial space of the overall metropolitan area inventory (202.6 million square feet). Of this, approximately 2.3 million square feet are located in Falcon Field Airpark. Industrial vacancy in the Mesa-Gilbert sub-market is approximately 7.6 percent as of the third quarter of 2001. This is lower than the metropolitan area vacancy rate of 9.3 percent. These estimates are based on market information provided by CB Richard Ellis and include buildings of 5,000 square feet or larger. The Gilbert sub-market is included

³ These estimates are based on market information provided by CB Richard Ellis and included buildings of 5,000 square feet or larger. The Gilbert market has been added to these comparisons because the Superstition Corridor and the Williams Gateway area fall under this sub-market as defined by CB Richard Ellis.

because the Superstition Corridor and Williams Gateway area fall within the definition of this sub-market.

Key business/industrial parks include Crismon Business Park, Dover Industrial Park, East Valley Gateway Business Park, Falcon Business Park I and II, Falcon Field, Greenfield Business Park, Inverness Commons, Mesa Commerce Center, Longbow Commerce Park and Golf Club (planned), Mesa Airpark, Mesa International Business Park, Mulberry Business Park, Pierpont Commerce Park, Superstition Springs Business Park, The Commons, and Williams Gateway Airport.

4.1.8 Office Development

Mesa has an estimated 5.3 percent share of office space (2.94 million square feet) of the overall metropolitan area inventory (55.48 million square feet), based on CB Richard Ellis' third quarter 2001 market report. According to this report, the office vacancy rate in Mesa is 26.1 percent compared to the metropolitan area vacancy rate of 13.7 percent. Sixty-nine percent of Mesa's office inventory is located along the Superstition Corridor.

Key Class "A" office developments include Mesa Corporate Center, Stapley Corporate Center, Superstition Springs Business and Office Park, The Financial Plaza, and Thunderbird Plaza.

4.1.9 Retail Trade

There are an estimated 83 multi-tenant retail centers in Mesa at present. 79 centers (for which data is available) have an estimated 11.7 million square feet of gross leasable area or roughly 28 square feet per capita⁴. Generally, multitenant center retail floor areas are about 70 percent of all existing retail. Thus, Mesa may have more than 16.7 million square feet in all retail space, including the unincorporated islands. The City currently estimates there is more than 15 million square feet within its corporate boundaries.

Key retail outlets include Fiesta Mall, Mesa Grand, Mesa Pavilions Power Center, Santa Fe Square Shopping Center, Superstition Springs Center, Superstition Springs Power Center, and Village Square at Dana Park.

⁴ Assuming current Mesa MPA population of 425,238

4.2 Goals, Objectives, and Policies

The long-term economic development strategy for Mesa must be dynamic and allow the City to continually reposition itself as multiple economic activities evolve. The goals, objectives, and policies stated below are based on the following overall economic development vision.

Economic Development Vision: To be a city that raises the standard of living and quality of life for its residents as a result of actions by business, government, and the community that attract, retain, and sustain dynamic enterprises.

Goal ED-1

Foster and sustain long-term economic growth for the City of Mesa

- Objective ED-1.1** Increase and maintain Mesa's employment to population ratio to at least the top quartile of Maricopa County communities by attracting and retaining competitive and quality jobs.
- Policy ED-1.1a Proactively market the City of Mesa to prospective employers and businesses seeking to expand or relocate in the metropolitan Phoenix area.
 - Policy ED-1.1b Target recruitment efforts at companies that bring high-quality, value-added jobs to the community.
 - Policy ED-1.1c Focus recruitment and retention efforts in key employment sectors established as priority clusters in Mesa.
 - Policy ED-1.1d Promote Mesa as an excellent location for regional or local corporate headquarters.
 - Policy ED-1.1e Promote Mesa as a location for international business and trade.
- Objective ED-1.2** Diversify City government's current and future fiscal resources to support community needs.
- Policy ED-1.2a Continue to monitor public revenues (i.e. development fees, intergovernmental transfers, property taxes, retail sales receipt, utility revenues) for signs of competition and weakness in order to develop sound projections and economic development strategies.
 - Policy ED-1.2b Continue to assess the City's major infrastructure needs to determine financial alternatives for funding those improvements.
 - Policy ED-1.2c Establish procedures for on-going evaluation of local development fees, including, but not limited to, impact fees.
 - Policy ED-1.2d Consider creating a set of economic impact models to evaluate relevant trends and financial implications related to growth in population and City revenues.

Policy ED-1.2e Consider the development and utilization of a realistic fiscal impact model for all new development as deemed necessary.

Policy ED-1.2f Continue to use appropriate economic development tools, including financial and infrastructure incentives, to promote employment growth.

Objective ED-1.3 Continue to expand Mesa's retail business base and strengthen its retail position in the East Valley.

Policy ED-1.3a Promote well-planned residential development that supports existing regional and community-level retail centers.

Policy ED-1.3b Promote appropriate residential densities in specific locations to support retail development.

Policy ED-1.3c Promote the location of "big-box" retail on sites that are strategically positioned to minimize sales tax leakage but do not promote incompatible neighboring land uses.

Policy ED-1.3d Provide appropriate incentives to attract regional and community-level retail centers to Mesa.

Policy ED-1.3e Encourage a proper balance between residential and industrial land uses to provide the optimum support for retail development, consistent with targeted jobs per capita ratios.

Goal ED-2

Identify and prepare strategic locations for economic growth.

Objective ED-2.1 Support the development of key employment centers/corridors throughout the City of Mesa.

Policy ED-2.1a Promote the development of an efficient combination of mixed uses at the employment centers/corridors.

Policy ED-2.1b Through the use of public and private funding mechanisms, provide the infrastructure needed to support mixed use, high intensity development within the employment centers/corridors.

Policy ED-2.1c Use incentives to attract high quality commercial and industrial development to the employment centers/corridors.

Policy ED-2.1d Continue to promote, improve, and protect transportation-related employment centers; including Falcon Field, Power Road Corridor, Red Mountain Freeway Corridor, Superstition Freeway Corridor, Union Pacific Railroad Corridor, and Williams Gateway Airport.

Policy ED-2.1e Encourage the continued development and revitalization of office and retail centers within the Mesa Town Center, Fiesta Quadrant, and Superstition Springs.

Policy ED-2.1f Provide a wide range of industrial land types to support a variety of industrial uses. In particular, maintain an adequate supply of freeway-oriented, as well as aviation-related industrial property.

Policy ED-2.1g Encourage the development of building space for small and medium-sized companies by working with local real estate companies, brokers, and developers.

Objective ED-2.2 Develop comprehensive transportation, communication, and infrastructure systems to ensure efficient movement of commerce and information.

Policy ED-2.2a Continue to lobby the Arizona Department of Transportation and the Maricopa Association of Governments for freeway system funding.

Policy ED-2.2b Consider alternatives for funding of the primary roadway system, particularly those segments that provide access to Williams Gateway Airport.

Policy ED-2.2c Encourage adequate public facilities, including transportation systems, to be completed prior to, or in concurrence with, new development.

Policy ED-2.2d Continue to facilitate broad access to new telecommunications and information technology applications.

Policy ED-2.2e Create and implement strategies designed to establish Mesa's reputation as one of the nation's "most wired communities".

Policy ED-2.2f Encourage the extension of utilities to underserved industrial areas through the use of public and private financing mechanisms such as, but not limited to, improvement districts, community facilities districts, municipal bonds, general municipal revenues, developer impact fees, exactions, and other financing alternatives.

Objective ED-2.3 Support the continued development of the Williams Gateway Sub-Area as an urban economic hub for the southeast valley.

Policy ED-2.3a Assist in marketing and promoting the Williams Gateway Airport Employment Center to targeted national and international targeted firms and businesses.

Policy ED-2.3b Continue to provide resources to support the operation of the Williams Gateway Airport.

Policy ED-2.3c Support the long-term capital improvement and infrastructure needs of the Williams Gateway Airport Employment Center.

Policy ED-2.3d Actively recruit new investment that will benefit from Foreign Trade Zone #221 at Williams Gateway Airport.

Goal ED-3

Utilize the competitive advantages of the City and region to promote Mesa as a community where people may live, learn, work, shop, and play.

- Objective ED-3.1** Develop and maintain local regional, national, and international alliances to advance Mesa's economic development strategy.
- Policy ED-3.1a Consider using local utility companies, including municipally owned utilities, as an integral part of the economic development strategy.
 - Policy ED-3.1b Coordinate economic development strategies with other East Valley cities, as well as county, state, and regional agencies.
 - Policy ED-3.1c Relate local economic development strategies to the regional, national, and international economies.
 - Policy ED-3.1d Maintain a strong, cooperative relationship with economic development allies in order to develop leads for business recruitment and to further economic development efforts.
 - Policy ED-3.1e Promote and strengthen relationships with the Mesa Sister Cities Association.
 - Policy ED-3.1f Position the Mesa/Pinal County Water Farm as an attractive site for international commerce within the CANAMEX Trade Corridor/NAFTA.
- Objective ED-3.2** Support a comprehensive educational system to produce a competitive workforce that supports the employment centers/corridors.
- Policy ED-3.2a Provide for the expansion and development of career and technical education through public and private efforts.
 - Policy ED-3.2b Strengthen linkages with educational institutions to enable local businesses of all sizes to better capitalize on training and small business development programs.
 - Policy ED-3.2c Work with the business community to establish a strong and continuing relationship with local school districts, private educational institutions community colleges and universities.
 - Policy ED-3.2d Provide support for the educational component of the Williams Campus, which is located adjacent to Williams Gateway Airport.
 - Policy ED-3.2e Identify Mesa's knowledge assets (research and knowledge development institutions, technology commercialization and transfer programs, innovative and entrepreneurial companies) and coordinate efforts to connect those resources and promote a knowledge-based economy.

- Policy ED-3.2f Create partnerships with community service providers to promote and increase the availability of training and technical assistance programs to small and medium-sized businesses.
- Policy ED-3.2g Tap into the region's workforce development network to assist displaced workers in obtaining good training and high-paying replacement jobs in an expeditious manner.

Objective ED-3.3 Expand the hospitality and tourism industry to position Mesa as a destination location.

- Policy ED-3.3a Promote the development of destination resorts in Mesa through the Mesa Convention and Visitors Bureau, with assistance from the Mesa Chamber of Commerce, Office of Economic Development, and others.
- Policy ED-3.3b Develop programs and marketing strategies to attract tourists to the Mesa area.
- Policy ED-3.3c Promote the Mesa Arts Center and the Mesa Indoor Aquatics Center as vibrant regional and national facilities of culture and recreation.

Objective ED-3.4 Maintain a well-rounded community in terms of recreational, cultural, educational, and health care opportunities.

- Policy ED-3.4a Support the expansion of the City's parks and recreational system and facilities.
- Policy ED-3.4b Support efforts to expand the number and quality of cultural opportunities within the community.
- Policy ED-3.4c Continue to support neighborhood schools and the linking of recreational areas and parks to school sites.
- Policy ED-3.4d Support enhancements of Mesa's excellent health care system.

4.3 Plan Components

The Economic Development Strategy, which was prepared as part of the Mesa 2025 – A Shared Vision process, provides the details for implementing the Economic Development Element. The components of the strategy are described below. The Economic Development Strategy focuses on each of these components. It identifies pertinent issues related to each component and describes initiatives that capitalize on the City's strengths to achieve the economic development vision, goals, and objectives.

Competitive Position of the City and the Region

Among Mesa's competitive advantages are its economies of scale and a tremendous potential for growth. Mesa's shifting demographics offer a younger and more diverse labor force. Other factors include existing employment centers

and economic hubs, two major airports, transportation infrastructure, oncoming improvements in regional cultural and recreational facilities, and the location of nationally known names in technology and information.

Evolution of Economic Activities

The strategy includes taking advantage of the continuing development activities and the provision of infrastructure in the area. Included are private development opportunities, transportation facilities, educational services, cultural and recreational improvements, and healthcare services. These factors, together with an expanding labor force, will provide the catalyst for economic growth in Mesa.

Strategies for the City of Mesa

Broad economic development strategies will focus on taking advantage of Mesa's potential. They deal with a clear pursuit of high quality jobs, a focus on office/business districts, and taking advantage of locations created by transportation facilities. The strategies will seek to create more jobs for residents of Mesa and the surrounding area.

Projection of an Enhanced Vision of the City

Key opportunities to improve the image of Mesa in both the metropolitan area and the national arena will be pursued. These opportunities include the identification of the City of Mesa as a regional economic hub, providing for access to superior quality education and training, and access to high quality communications. Efforts will capitalize on increased visibility, new regional employment locations, and existing employment centers.

Program Initiatives and Recommendations

Program initiatives include a broad definition of programs and concepts to assist in achieving the City's long-term economic development goals and objectives. Also included are detailed organization and implementation scenarios for selected programs.

Organization and Management

The appropriate organization and management of the City's economic development efforts is essential to the achievement of the goals and objectives. The Economic Development Strategy includes provisions for this organization.

Economic Development Performance Measures

The success of the economic development efforts is also dependent on the use of performance measures. These measures will describe the results of the program and suggest continuing revisions and improvements.